REAL ESTATE

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OUTLOOK

April 1990

A Monthly Forecast for the Economy and Real Estate

FORECAST SUMMARY

- The U.S. Department of Commerce released its final revision to real GNP growth for the fourth quarter, marking the overall growth estimate at 1.1 percent. This latest estimate was another 0.2 percentage points higher than the last estimate, and more than double the preliminary estimate of 0.5 percent released in January. This latest revision was made on the basis of several small upward adjustments to personal consumption expenditures, business fixed investment, net exports, and government purchases.
- The Bureau of Labor Statistics reported that the civilian worker unemployment rate was 5.2 percent, down slightly from 5.3 percent, a rate that had held constant for nine months. Payroll employment growth, after surging ahead in both January and February, slowed to an advance of only 26,000 jobs during March. Construction employment fell by 65,000, following large gains in January and February.
- After surging in January, starts of privately owned housing units fell back in February to an annual rate of 1.477 million units, 7.0 percent below the January rate of 1.588 million units, but 0.8 percent above the February 1989 annual rate of 1.465 million units. A substantial decline in multi-family starts activity was to blame. Starts of single-family units rose in February to an annual pace of 1.366 million units, up 5.1 percent from 1.109 million units in January, and up 13.3 percent from their year ago rate.
- Sales of existing single-family homes eased slightly in February as slightly higher interest rates and a sluggish economy combined to soften housing demand in that month. Existing home sales slipped to an annual rate of 3.440 million units in February, a decrease of 2.3 percent from the January 1990 annual sales rate of 3.52 million units. The February 1990 sales rate was 3.1 percent below the 3.48 million annual rate of existing homes sales during February 1989.

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STOP,LOOK AND LISTEN

Economic Commentary

by
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The coming of April brings with it a note of sadness, and I don't mean income taxes. Rather, the greatest athletic spectacle this country has to offer--the NCAA basketball tournament--is over. The triumph of the scholar-athletes from Las Vegas may not be victory for righteousness, but it certainly recognizes sports achievement. We close out a month of last minute basket, shocking upsets and the bittersweet run of Loyola Marymount. We'll miss all these (at least until next year), but one thing even the most rabid fan will not miss is the non-stop ravings of Dick Vitale, perhaps the most annoying sportscaster this side of Howard Cosell. Vitale's average utterance exceeds fifty words; he has been known to pile together hundreds of meaningless phrases into one great burst of audible garbage; he is a shameless self-promoter and defender of the indefensible (c.f. Jim Valvano); and unfortunately he may be the perfect symbol of our time.

We have developed a national habit of rushing events and judgements. Alvin Toffler called it "future shock", but even he must be amazed at the speed with which we tend to move from event to exploitation. What is at first a human tragedy becomes the source of popular amusement. Thus, Charles Stuart, who may or may not have killed his wife in Boston, commits suicide and 48 hours later the script for a made-for-TV movie is drafted. The long slow process of consideration and digestion of actions, developments and their meanings are swallowed up in the drive to hype, sensationalize and trivialize.

The economy is no more immune from this than any other facet of our society. When a figure--any figure--is announced, it is subjected to intense scrutiny to determine whether or if it signals impending recession or the resumption of a vigorous expansion. Reflection suggests that in an economy as detailed and complex as ours, no one number "signals" anything. After all, in October 1987, we got what we thought was the biggest number of all, but found that it signified very little.

Part of the reason for this intense focus on pork belly future prices or the output index of Japanese farms of less than 50 acres is a carryover from the pace of society. We have an obsessive "need to know" about everything. But part of it is based on two significant changes in the economy. In an age where information moves instantaneously, financial fortunes are made or lost on the slimmest of margins, and finding the obscure statistic that points to the future can, in fact, be the equivalent of discovering gold.

In addition, the economy itself has changed. The demise of the savings and loan industry is the symptom of a financial system in rapid evolution. The responses that Federal Reserve policy, for example, evokes in money markets can no longer be calibrated by the same measuring tools and the physics of finance has lost its Newton without yet discovering its Einstein.

Thus, the old truths fail us: falling profits no longer presage a recession in a world where increased leverage ratios have depressed the reported profits of firms that are doing quite well. When you read in the Wall Street Journal that business cycle scholars differ or have continually predicted the invisible recession, it's not necessarily that they're just being economists. Rather, models developed on old truth are often inadequate when there's a change in the way the world works.

Real estate is much the same. We seize upon the fact that the Northeast markets has flattened to predict a massive housing bust. Well, there was a time when real estate markets moved together, but that no longer happens. It is simply impossible to generalize from the course of sales prices in a single part of the country to the country as a whole. The correct analysis is to look at regional economies, changes in financial markets, shifts in the structure of the real estate business and then *reason* to the likely course of the real estate sector over the longer run.

This is not easy, and doing it may make you lose the quick profit opportunity. But ultimately, survivors will go through this kind of thought process and will prosper over the long haul. Short term wisdom and long term wisdom don't always coincide, and when given the choice, go with the latter.

If you go out and price radio equipment you will find that receivers cost twice as much as transmitters. They are far more comples to construct and usually of higher technical quality. Human beings are not much different. In a world where the din of instant analysis can often be deafening, the power to discern can be a costly acquisition, but one that ultimately pays much more than it costs. The good Lord gave us two ears and one mouth. Maybe that's a hint about the ratio in which we should use them.

Outlook for the Economy and Real Estate

THE ECONOMIC OUTLOOK

The U.S. Department of Commerce released its final revision to real GNP growth for the fourth quarter, marking the overall growth estimate at 1.1 percent. This latest estimate was another 0.2 percentage points higher than the last estimate, and more than double the preliminary estimate of 0.5 percent released in January. This latest revision was made on the basis of several small upward adjustments to personal consumption expenditures, business fixed investment, net exports, and government purchases. None of these in itself fundamentally alters the slow growth tone of the quarter, or the state of the economy's health heading into 1990. More significantly, inventory investment was revised downward by a hefty $4 billion. While this drag on growth was offset by the numerous small increases mentioned above, it brings welcome news that inventory levels are not as high as originally thought. This means that there is less need to restrain production due to high inventories, and the $5.7 billion upward revision in the final sales component of real GNP suggests a stronger level of demand.

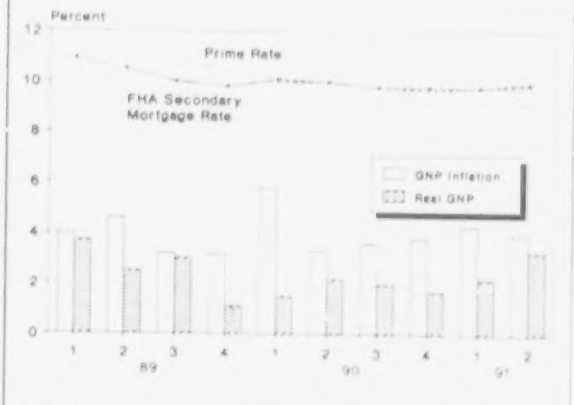
Unemployment Down, but Job Growth Slows

The Bureau of Labor Statistics reported that the civilian worker unemployment rate was 5.2 percent, down slightly from 5.3 percent, a rate that had held constant for nine months. Payroll employment growth, after surging ahead in both January and February, slowed to an advance of only 26,000 jobs during March. In the goods-producing sector, construction employment fell by 65,000, following large gains in January and February. Manufacturing employment growth continued to disappoint, as factory employment slid by another 30,000 jobs in March. Employment losses in manufacturing were widespread, although auto industry employment remained steady. During the past 12 months, more than 250,000 manufacturing jobs have been lost. In the services sector, government employment moved ahead by 75,000 due to hiring for the decennial census. The services industry added 50,000 jobs, mostly concentrated in health services. Retail trade employment declined for the second consecutive month, slipping 25,000 in March. Despite January's large gain in retail employment, the pace of job growth in the retail industry has been much slower than last year's pace.

Retail Sales Soften

Retail sales fell 0.9 percent in February, after having risen a strong 2.8 percent during January. A plunge in auto dealer sales of 6.0 percent was mostly to blame for the February weakness. The decline in auto sales was the largest since January 1987 and effectively offsets the 9.9 percent surge in auto sales during January. Without the downward pull of auto sales, retail sales rose 0.5 percent. Retail sales in all other durable goods categories posted monthly increases, with non-auto durable goods sales up 1.3 percent. Non-durable goods sales also showed strength, rising 0.4 percent in February. This sales advance was widespread, but with more of the strength being concentrated in general merchandise and apparel stores, which registered increases of 2.0 and 1.6 percent, respectively.

GRAPH 1: THE ECONOMIC OUTLOOK

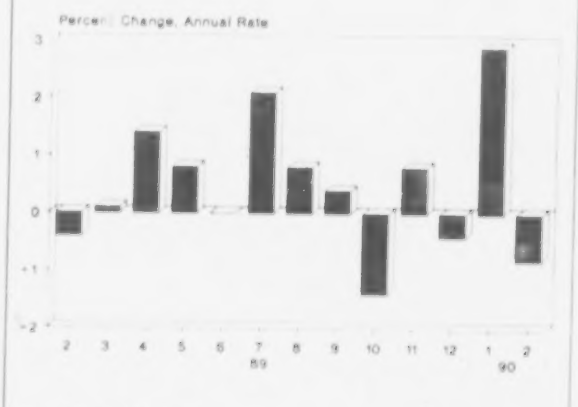


Source: Bureau of Economic Analysis; E. NAR estimates

GRAPH 2: PAYROLL EMPLOYMENT STALLS

Source: Bureau of Labor Statistics

GRAPH 3: RETAIL SALES LACKLUSTER



Source: Dept. of Commerce

Energy Prices Still Control Inflation Rate

The recent gyrations in the inflation rate, as measured by the consumer price index and the producer index, have largely been blamed on the vagaries of energy price movements. Yet again, this has proven to be the case, as energy prices fell and food price increases moderated. The net effect was an unchanged producer price index for finished goods, or rock solid prices at the producer level during the month of February. This is in marked contrast to the 1.8 percent jump in producer prices during January, which had many worried that the days of double digit inflation were back. In this month's producer price report, energy prices declined 5.0 percent (home heating oil plummeted 30.2 percent), and food prices rose only 0.9 percent. Excluding the volatile food and energy components, the producer price index rose 0.4 percent on price increases for most nondurable goods. The nonfood, nonenergy index for finished goods has risen at an annual rate of just under 4 percent since last August . At the intermediate good level of processing, prices fell 0.7 percent, again mainly due to energy prices. Net of energy and food components, the intermediate level price index rose 0.1 percent, while the crude level nonfood, nonenergy index fell 0.8 percent.

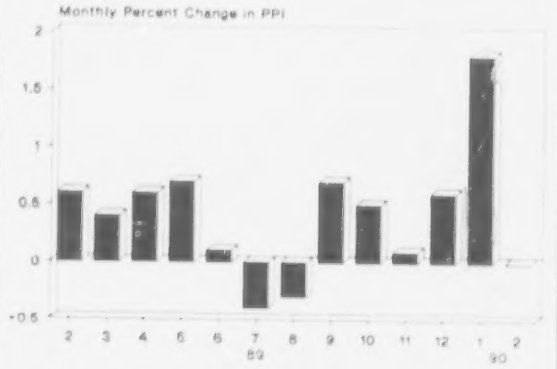
Trade Deficit Inches Up, Trend Remains Down

The U.S. merchandise trade deficit widened to $9.25 billion in January from an upwardly revised $7.68 billion in December. Imports jumped 7.3 percent in January, surpassing the 4.0 percent rise in exports. Exports rose to $32.07 billion, a record level, yet the 7.3 percent rise in imports brought imports to $41.32 billion. The $1.57 billion increase in the monthly trade gap was largely due to a record level of oil imports, which surged 44 percent. One reason for this, was the very cold December weather, which depleted oil supplies at many companies. While demand for oil will likely taper off from its January pace, dependence on foreign oil is still substantial: foreign oil accounts for more than 50 percent of U.S. oil consumption. The recent growing dependence on foreign oil is surprising, and threatens to erode much, if not all, of the improvements in the trade deficit which have been made during the past two years. In addition, slower rates of economic growth in many overseas markets will not help prospects for faster growth in U.S. exports, which in all likelihood means the trade deficit will not shrink much during 1990.

Interest Rates Are Stabilizing For Now

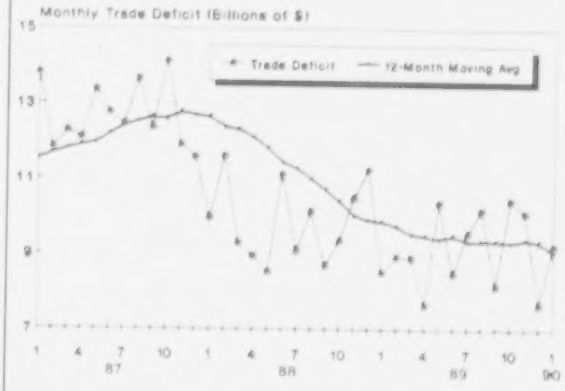
The confusing combination of monthly indicators on the economy's health has left many debating the next monetary policy move by the Fed. On the one hand, the Fed is being pressed to ease up on interest rates in the interest of avoiding a recession. On the other hand, there is just enough data on inflation to make the Fed cautious in its decision on whether to loosen monetary policy in order to give a boost to growth. Complicating the scene is the international wild card, wherein the Japanese stock market has plunged by record amounts and the U.S. dollar has shown uncanny strength. Until the confusion yields to more concrete data, count on the Fed to hold rates steady, with a preference toward slightly higher.

GRAPH 4: PRODUCER PRICES UNCHANGED



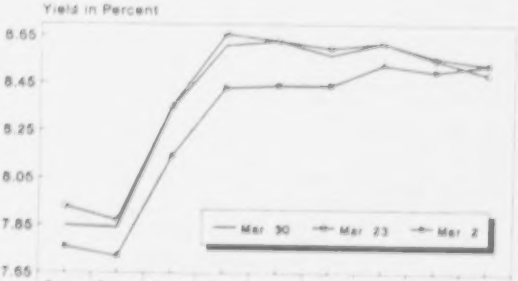
Source: Bureau of Labor Statistics

GRAPH 5: TRADE IMPROVEMENT STALLED?



Source: Dept. of Commerce

GRAPH 6: THE YIELD CURVE



	3 mo.	6 mo.	1 yr.	2 yr.	3 yr.	5 yr.	7 yr.	10 yr.	30 yr.
Mar. 30	7.85	7.84	8.34	8.61	8.63	8.57	8.62	8.56	8.53
Mar. 23	7.93	7.87	8.35	8.66	8.63	8.6	8.62	8.55	8.49
Mar. 2	7.76	7.72	8.14	8.43	8.44	8.44	8.53	8.5	8.53

Source: Federal Reserve

HOUSING STARTS

(Seasonally Adjusted Annual Rates, in Thousands)

NATIONAL DATA

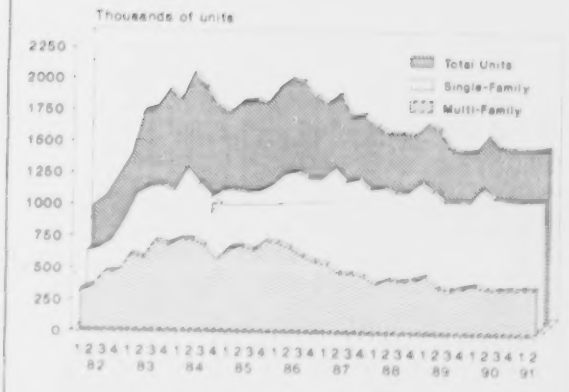
	Total	S-F	2-4	5 and up
Feb 1990	1477	1166	45	266
Jan 1990	1588	1109	56	423
Dec 1989	1273	931	53	289
Nov 1989	1347	1010	47	290
Oct 1989	1423	1023	60	340
Feb 1989	1465	1029	62	374
Feb 1990 Changes From (%):				
Jan 1990	-7.0	5.1	-19.6	-37.1
Feb 1989	0.8	13.3	-27.4	-28.9

REGIONAL DATA

	Northeast	Midwest	South	West
Feb 1990	219	271	604	383
Jan 1990	176	382	526	504
Dec 1989	138	267	440	428
Nov 1989	179	296	498	374
Oct 1989	173	285	567	398
Feb 1989	224	273	572	396
Feb 1990 Changes From (%):				
Jan 1990	24.4	-29.1	14.8	-24.0
Feb 1989	-2.2	-0.7	5.6	-3.3

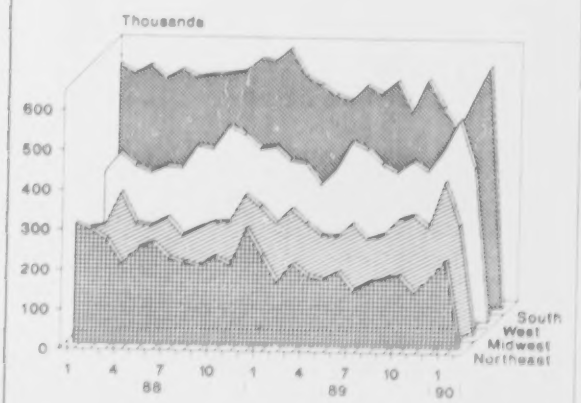
Source: Bureau of the Census; Construction Reports, Series C20

GRAPH 7: HOUSING STARTS



Source: Bureau of Census; Real Estate Outlook forecast

GRAPH 8: HOUSING STARTS BY REGION



Source: Bureau of Census

After surging in January, starts of privately owned housing units fell back in February to an annual rate of 1.477 million units, 7.0 percent below the January rate of 1.588 million units, but 0.8 percent above the February 1989 annual rate of 1.465 million units. A substantial decline in multi-family starts activity was to blame. However, the January pace was exaggerated by a rush to seek permits for structures under expiring federal guidelines, and continued warm winter weather. Starts of structures with 2-4 units plummeted to an annual rate of 45 thousand units in February, down 19.6 percent from the January 1990 rate of 56 thousand units, and down 27.4 percent from the February 1989 annual rate. Starts of structures with 5 or more units plunged to an annual rate of 266 thousand units in February, down 37.1 percent from the January 1990 rate of 423 thousand units, and 28.9 percent below the February 1989 annual rate. Starts of single-family units rose in February to an annual pace of 1.166 million units, up 5.1 percent from 1.109 million units in January, and up 13.3 percent from their year ago rate.

In the Northeast, starts rose 24.4 percent to a 219 thousand unit pace, and were down 2.2 percent from a year ago. In the South, starts rose 14.8 percent to 604 thousand units, and were up 5.6 percent from February 1989. In the Midwest, starts fell 29.1 percent to a pace of 271 thousand units, and were down 0.7 percent from a year ago. In the West, starts fell 24 percent to 383 thousand units, down 3.3 percent from a year ago.

NEW HOME SALES

(Seasonally Adjusted Annual Rates, in Thousands)

NATIONAL DATA

Feb 1990	607	Jul 1989	738
Jan 1990	589	Jun 1989	647
Dec 1989	632	May 1989	653
Nov 1989	687	Apr 1989	607
Oct 1989	636	Mar 1989	555
Sep 1989	640	Feb 1989	621
Aug 1989	723		

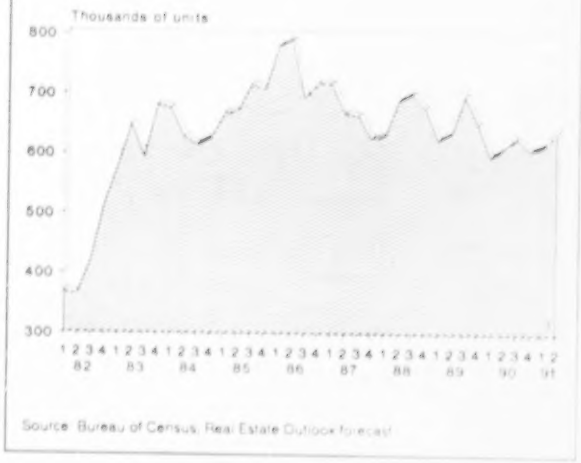
Feb 1990 Changes From:		Annual Totals:	
Jan 1990	3.1	1988	676
Feb 1989	-2.6	1989	650

REGIONAL DATA

	Northeast	Midwest	South	West
Feb 1990	82	88	256	181
Jan 1990	100	94	211	184
Dec 1989	91	87	252	203
Nov 1989	96	117	263	211
Oct 1989	88	101	271	176
Sep 1989	62	103	261	214
Feb 1989	83	103	238	199
1989	87	102	260	201
1988	101	97	276	202
Feb 1990 Changes From:				
Jan 1990	-18.0	-6.4	21.3	-1.6
Feb 1989	-1.2	-14.6	7.6	-9.0

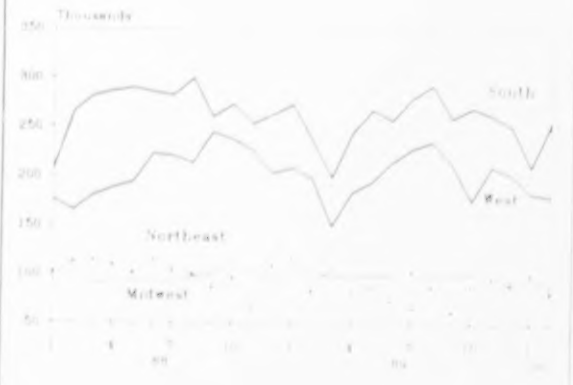
Source: Bureau of the Census; Construction Reports, Series C25

GRAPH 9: NEW HOME SALES



Source: Bureau of Census; Real Estate Outlook forecast

GRAPH 10: NEW HOME SALES BY REGION



Source: Bureau of Census

Sales of new single-family homes reached an annual rate of 607 thousand units in February, an increase of 3.1 percent above the January 1990 pace of 589 thousand units, but a decrease of 2.6 percent from their February 1990 annual sales rate of 621 thousand homes. The diminished availability of acquisition, development, and construction money, linked to provisions of the thrift bailout bill, continues to hamper growth in new home sales. Sales of new single-family homes are expected to recover somewhat from this lack of capital as builders identify and make use of additional sources of credit. However, this process may be complicated by the recent cutback in originations of real estate loans. Lately, many large regional banks have experienced a rising percentage of non-performing loans, many of which are real estate loans.

Sales of new homes in the Northeast fell to an annual rate of 82 thousand units, down 18 percent from the January pace of 100 thousand units, and down 1.2 percent from February 1989. In the Midwest, new home sales fell to 88 thousand homes, down 6.4 percent from January, and 14.6 percent below February 1989. In the South, sales rose 21.3 percent to an annual rate of 256 thousand units, and 7.6 percent above the February 1989 annual pace of 238 thousand units. In the West, new home sales slipped from an annual rate of 184 thousand units in January to an annual rate of 181 thousand units in February, and were 9 percent below a year ago.

EXISTING SINGLE-FAMILY HOME SALES

(Seasonally Adjusted Annual Rates, in Thousands)

NATIONAL DATA

Feb	1990	3440	Jul	1989	3330
Jan	1990	3520	Jun	1989	3360
Dec	1989	3560	May	1989	3210
Nov	1989	3590	Apr	1989	3400
Oct	1989	3480	Mar	1989	3400
Sep	1989	3520	Feb	1989	3480
Aug	1989	3480			

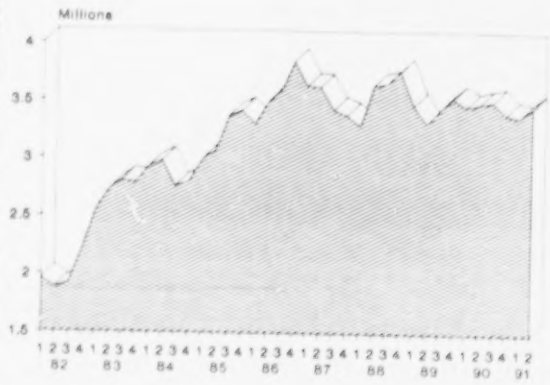
Feb 1990 Changes From (%):		Annual Totals:	
Jan 1990	-2.3	1989	3440
Feb 1989	-3.1	1988	3594

REGIONAL DATA

	Northeast	Midwest	South	West
Feb 1990	560	930	1310	650
Jan 1990	560	940	1400	570
Dec 1989	580	980	1390	610
Nov 1989	590	960	1430	640
Oct 1989	580	990	1300	620
Sep 1989	590	990	1340	590
Feb 1989	610	930	1350	650
1989	589	919	1307	610
1988	673	929	1350	642
Feb 1990 Changes From (%):				
Jan 1990	0.0	-1.1	-6.4	14.0
Feb 1989	-8.2	0.0	-3.0	0.0

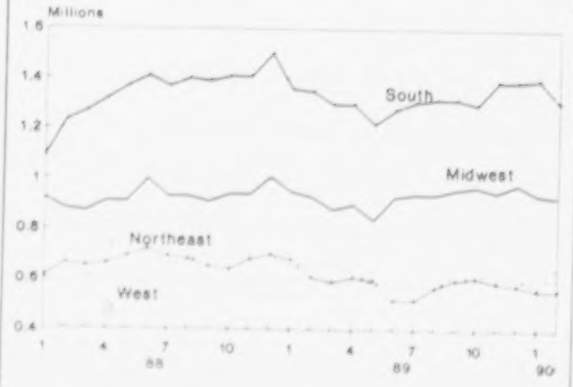
Source: NATIONAL ASSOCIATION OF REALTORS® Economics and Research Division

GRAPH 11: EXISTING HOME SALES



Source: NAR Economics & Research; Real Estate Outlook forecast

GRAPH 12: EXISTING HOME SALES BY REGION



Source: NAR Economics & Research

Sales of existing single-family homes eased slightly in February as slightly higher interest rates and a sluggish economy combined to soften housing demand in that month. Existing home sales slipped to an annual rate of 3.440 million units in February, a decrease of 2.3 percent from the January 1990 annual sales rate of 3.52 million units. The February 1990 sales rate was 3.1 percent below the 3.48 million annual rate of existing homes sales during February 1989. For the past seven months, the annual rate of existing single-family home sales has remained in a narrow range of between 3.44 and 3.59 million units. In contrast, new home sales have seemed to decline, albeit somewhat erratically during the same period. This pattern may continue for some time, particularly in light of the ADC loan crunch currently experienced by builders.

In the Northeast, existing home sales were flat in February at an annual rate of 560 thousand units, but were 8.2 percent below the February 1989 annual rate of 610 thousand units. In the Midwest, existing home sales fell 1.1 percent to an annual rate of 930 thousand units, from a January rate of 940 thousand units, but were unchanged from a year ago. In the South, existing home fell to an annual rate of 1.31 million units, down 6.4 percent from the January rate of 1.4 million units, and 3.0 percent below their year ago pace. In the West, sales reached a rate of 650 thousand units, 14 percent above the January pace of 570 thousand units, and unchanged from a year ago.

SINGLE-FAMILY HOME PRICES

(In Dollars)

NATIONAL DATA

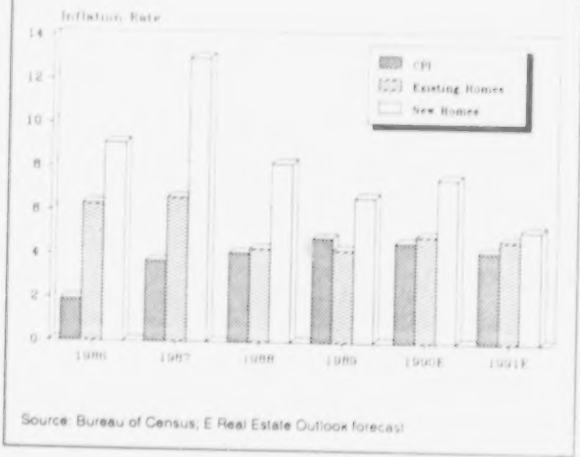
	Median		Average	
	Existing	New	Existing	New
Feb 1990	95,400	130,000	118,200	155,200
Jan 1990	96,300	125,000	120,000	154,200
Dec 1989	92,500	125,000	118,100	155,600
Nov 1989	93,200	125,000	118,300	151,400
Oct 1989	92,600	123,000	117,200	147,800
Feb 1989	91,800	118,000	117,900	145,300
1989	93,100	120,000	118,100	148,800
1988	89,300	112,500	112,800	138,300
Feb 1990 Changes From (%):				
Jan 1990	-0.9	4.0	-1.5	0.6
Feb 1989	3.9	10.2	0.3	6.8

REGIONAL DATA

	Northeast	Midwest	South	West
Feb 1990	143,400	73,800	85,600	143,100
Jan 1990	147,100	75,600	85,300	144,400
Dec 1989	143,400	72,500	82,700	135,200
Nov 1989	145,700	71,400	82,400	147,100
Oct 1989	143,200	71,600	83,600	142,300
Feb 1989	142,800	70,200	86,500	128,200
1989	145,200	71,300	84,500	139,900
1988	143,000	68,400	82,200	124,900
Feb 1990 Changes From (%):				
Jan 1990	-2.5	-2.4	0.4	-0.9
Feb 1989	0.4	5.1	-1.0	11.6

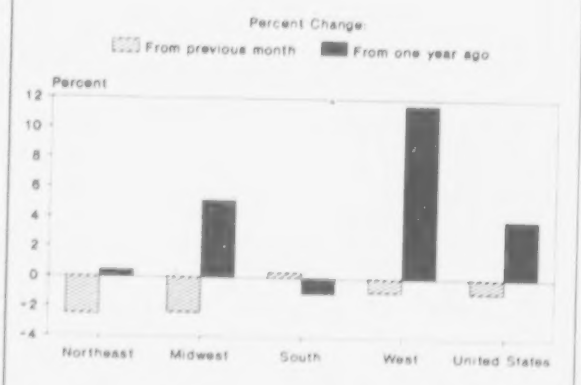
Source: NATIONAL ASSOCIATION OF REALTORS®
Economics and Research Division

GRAPH 13: HOME PRICES



Source: Bureau of Census; E Real Estate Outlook forecast

GRAPH 14: HOME PRICES BY REGION



Source: NAR Economics & Research, Real Estate Outlook forecast

The median sales price of an existing single-family home sold during February was $95,400, a decline of $900 from the January median price of $96,300. This was a decline of 0.9 percent from January, but it was 3.9 percent above the February 1989 median. The average price of an existing home sold during February was $118,200, a decline of $1,800 from the January average of $120,000. This marked a decline of 1.5 percent from January 1990 to February 1990, and an increase of 0.3 percent over the past twelve months. In the Northeast, the median price of an existing single-family home fell 2.5 percent to $143,400, and was 0.4 percent higher than a year ago. In the Midwest, the median price fell 2.4 percent to $73,800, but was 5.1 percent higher than a year ago. In the South, the median price rose 0.4 percent to $85,600, and was 1.0 percent below its year ago level. In the West, the median price fell 0.9 percent to $143,100, but was 11.6 percent higher than a year ago.

The median price of a new home rose 4.0 percent to $130,000 in February, and was 10.2 percent higher than a year ago. The average price of a new home rose 0.6 percent to $155,200 in February, and was 6.8 percent higher than a year ago.

Sean A. Burns
Director of Forecasting
Forecasting & Policy Analysis Division

U.S. ECONOMIC OUTLOOK

APRIL 1990

	QUARTERS								YEARS				
	ACTUAL		FORECAST						ACTUAL			FORECAST	
	89.3	89.4	90.1	90.2	90.3	90.4	91.1	91.2	1987	1988	1989	1990	1991
AGGREGATE ECONOMY													
Gross National Product (billions of dollars)	5281	5340	5434	5509	5584	5662	5752	5855	4524	4881	5234	5547	5898
% Change	6.2	4.5	7.2	5.6	5.6	5.6	6.5	7.4	6.9	7.9	7.2	6.0	6.3
% Change (w/out inflation)	3.0	1.1	1.5	2.2	2.0	1.7	2.2	3.3	3.7	4.4	3.0	1.9	2.3
Consumer Price Inflation (CPI)	2.8	4.0	7.4	3.0	3.7	4.2	4.3	4.5	3.7	4.1	4.8	4.6	4.2
GNP Inflation (GNP Deflator)	3.2	3.2	5.8	3.3	3.6	3.8	4.3	4.0	3.1	3.3	4.2	4.0	3.9
Unemployment Rate - Civilian	5.3	5.3	5.3	5.4	5.5	5.6	5.6	5.6	6.2	5.5	5.3	5.5	5.6
Civilian Employment-Household Basis (millions)	117.5	117.8	118.1	118.2	118.5	118.7	119.0	119.4	112.4	115.0	117.3	118.4	119.6
Percent change	0.7	1.0	1.0	0.5	0.8	0.9	0.9	1.3	2.6	2.3	2.0	0.9	1.0
Index of Industrial Production	142.2	142.2	141.6	142.4	142.8	143.6	144.3	145.5	129.8	137.2	141.7	142.6	145.8
Manufacturing Capacity Utilization	84.0	83.0	82.2	82.2	81.9	82.3	82.7	83.2	81.0	83.5	83.9	82.2	83.2
Domestic Auto Sales	7.9	6.2	6.8	6.6	6.7	6.7	6.8	7.0	7.1	7.5	7.1	6.7	6.9
Federal Tax Receipts (NIPA) as % of GNP	19.8	19.8	20.1	20.2	20.3	20.3	20.4	20.4	20.1	19.9	20.0	20.2	20.3
Federal Expenditures (NIPA) as % of GNP	22.5	22.7	22.8	22.6	22.4	22.3	22.5	22.3	23.7	22.9	22.8	22.5	22.3
Deficit(NIPA)	-144.0	-156.0	-144.0	-127.0	-116.0	-112.0	-120.0	-113.0	-161.0	-145.0	-148.0	-125.0	-113.0
as % of GNP	-2.7	-2.9	-2.7	-2.3	-2.1	-2.0	-2.1	-1.9	-3.6	-3.0	-2.8	-2.3	-1.9
REAL ESTATE MARKETS													
HOME SALES													
Total Single-family Home Sales (thousands, single-family resales plus 97 percent of single-family starts)	4408	4501	4528	4484	4496	4376	4352	4444	4645	4646	4419	4471	4448
Percent change -- year ago	-6.0	-7.6	0.4	4.7	2.0	-2.8	-3.9	-0.9	-1.3	0.0	-4.9	1.2	-0.5
Existing Single-family Home Sales (thousands)	3443	3543	3470	3495	3515	3407	3380	3465	3526	3594	3440	[illegible]	3484
Percent change -- year ago	-6.0	-6.0	-2.2	-4.0	2.1	-3.8	-2.6	-0.9	-1.1	1.9	-4.3	0.9	0.4
Housing Starts (thousands)	1337	1347	1471	1370	1359	1353	1359	1374	1630	1491	1386	1388	1357
Percent change -- year ago	-9.1	-12.7	-2.3	1.2	1.7	0.4	-7.6	0.3	-10.0	-8.6	-7.0	0.2	-2.2
Single-Family Units	995	988	1091	1020	1011	999	1002	1009	1154	1085	1009	1030	994
Percent change -- year ago	-6.4	-12.4	2.6	2.9	1.7	1.1	-8.2	-1.1	-2.4	-5.9	-7.0	2.1	-3.5
Multi-Family Units	342	359	379	350	348	354	356	364	476	405	376	358	362
2-4 Family Units	56	53	56	51	51	52	52	54	65	58	55	53	53
Percent change -- year ago	-4.0	-15.3	-4.5	-2.7	-7.8	-1.5	-6.1	4.3	-22.9	-10.0	-5.7	-4.2	1.3
5 + Family Units	286	306	323	298	296	301	303	310	411	346	321	304	309
Percent change -- year ago	-18.2	-13.1	-15.4	-3.5	3.5	-1.5	-6.1	4.3	-24.5	-15.7	-7.3	-5.0	1.3
New Single-family Home Sales (thousands)	700	652	597	612	630	608	616	640	673	676	650	612	645
Percent change -- year ago	-0.5	-4.1	-12.7	-4.6	-6.9	-3.8	3.2	4.3	-9.6	0.4	-3.8	-5.9	5.4
Mobile Homes Shipped (thousands)	186	189	190	183	185	185	186	190	232	217	198	186	189
HOME PRICES													
Existing Home Prices - Median $(1000)	94.9	92.8	95.8	96.9	98.7	99.3	100.8	102.3	85.6	89.3	93.1	97.7	102.3
Percent change -- year ago	5.2	6.2	5.0	4.2	4.0	7.0	5.2	5.6	6.6	4.3	4.3	4.9	4.7
New Home Prices - Median $(1000)	119.6	124.3	128.9	126.7	129.0	131.5	131.0	132.0	104.5	112.5	120.0	129.0	135.7
Percent change -- year ago	4.1	9.7	9.1	6.5	7.9	5.8	1.6	4.2	13.6	7.7	6.7	7.5	5.2
FINANCIAL MARKETS													
Long-Term Interest Rates													
30-year Fixed Rate Mortgage (FHA Secondary)	10.0	9.8	10.1	10.0	9.8	9.8	9.8	9.9	10.2	10.3	10.3	9.9	10.0
1-year ARM (effective rate)	9.3	8.8	8.6	8.6	8.5	8.5	8.5	8.6	8.5	8.5	9.3	8.6	8.6
Corporate AAA Bond Rate	9.0	8.9	9.2	9.0	8.8	8.8	8.8	8.9	9.4	9.7	9.3	8.9	9.0
Government Bond Rate	8.1	7.9	8.4	8.2	8.0	8.0	8.2	8.5	8.6	9.0	8.4	[illegible]	8.5
Short-Term Interest Rates													
Federal Funds Rate	9.1	8.6	8.2	8.1	8.0	7.9	8.0	8.3	6.7	7.6	9.2	8.1	8.3
3-month T-Bill Rate	7.8	7.7	7.8	7.7	7.4	7.3	7.4	7.7	5.8	6.7	8.1	7.6	7.6
Prime Rate	10.7	10.5	10.0	10.0	9.8	9.7	9.8	10.0	8.2	9.3	10.9	9.9	10.1
Discount Rate	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	5.7	6.2	6.9	7.0	7.0
Value of the U.S. Dollar (Trade-Weighted Avg.)	100.5	97.3	93.1	93.7	92.8	91.7	90.5	89.7	96.9	92.8	98.5	92.8	89.9
Percent change	0.4	-12.2	-16.1	2.6	-3.8	-4.5	-5.4	-3.5	-13.6	-4.3	6.2	-5.8	-3.2

Source: Forecast produced using Laurence H. Meyer and Associates' model of the U.S. economy.
Assumptions and simulations by Dr. John Tuccillo, Dr Frederick Flick, and Sean Burns.

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